

## FEATURES OF THE FORMATION OF SERVICES INDUSTRY MANAGEMENT

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### ABSTRACT

*The management of the service sector is based on the system and organizational legal form of ownership, which genetically lays the foundation and management methods, and since it itself is subject to continuous change, the improvement of management principles is a continuous process. Through the development of the system and forms of ownership, there is also the development of service sector management as a science in the formation of organizational culture and creative innovation climate.*

**KEYWORDS:** *Features of Services Industry, Management, Service Sector, Economy, Market Economy, System Management, Service Concept.*

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### INTRODUCTION

Service management according to this model begins with a market niche (market segment) and then, moving counterclockwise, leads to the concepts of "service concept", "service delivery system" and "image". The image is considered here as an information tool with which the management can influence the staff, [1] consumers and suppliers of resources. The image of the company and the attitude of these persons to the prospects of its development affect the position of the company in the market and cost effectiveness.

The culture and philosophy of the company are of paramount importance for the control, support and development of the social process — the delivery of services that benefit customers. Along with the organization of the delivery system and the development of a realistic concept of services, the culture and philosophy of the company are the most important factors of long-term efficiency. It is on their basis that the values and morale of the company are formed, ensuring its viability and success.

When developing a service delivery system, and, consequently, a management system, it is necessary to take into account the following factors:

- The location of the company providing services is mainly determined by the location of consumers, and not by any other factors;
- The needs and desires of consumers usually come ahead of efficiency considerations;
- The scheduling of work depends mainly on consumers;

- Defining and measuring the quality of services is difficult;
- Employees should have good communication skills with consumers;
- Production capacity is usually calculated based on the "peak" demand from consumers, and not on the average level of demand;
- The efficiency of employees is difficult to measure, since low productivity may be due to a lack of demand from consumers, rather than poor staff performance;
- Large enterprises in the service sector are atypical (with the exception of airlines, banks);
- Marketing and production in the service sector are sometimes difficult to separate.

These differences make the management of operations in the service sector more difficult than in industry from the point of view of ensuring efficiency, and also determine the specifics of management in this area.

Management in the service sector is also influenced by the peculiarities of the social sphere. The social sphere plays an independent role in the development of society and has significant specifics. Management in this area of activity also has its own distinctive features. The following are the features of management in the social sphere [2].

**1.** The significance of the processes in which management is carried out, not only for the individual, but primarily for society as a whole. The problems of education and upbringing, health protection, cultural development of the people, the fight against alcoholism and drug addiction, assistance to the poor and disadvantaged, the establishment of interethnic relations and migration processes are only possible for the whole society with its state institutions. The processes taking place in the social sphere are characterized by a significant influence of the moral, spiritual component, lack of direct material interest and, in this regard, low profitability and self-sufficiency.

**2.** The special nature of the forms of ownership of organizations operating in the social sphere. We are talking about "other forms" of ownership, other than state, municipal or private. This is the property of public and religious organizations, various foundations, associations, etc. Such forms of ownership exist in accordance with special laws that differ from the regulations applicable to state, municipal and private property.

As in other branches of activity, the defining economic relations of the social sphere are the ownership of the means of labor — buildings and premises, equipment, office equipment, audio and video equipment, computers, etc. Since before the economic reform in our country there was a state monopoly on the means of labor, including in the social field, currently, the bulk of social organizations are established by State and municipal authorities and are owned by them. Under these conditions, such organizations usually have at their disposal only the products of intellectual labor of their collectives, income from their own activities, property objects acquired with these incomes, as well as cash, property and other property objects transferred by sponsors and benefactors (individuals and legal entities) in the form of donations, gifts or bequests. Effective legal mechanisms for delineating the forms of ownership of social organizations do not yet exist, the rights of these organizations and their labor collectives are still practically not protected.

**3.** Organizations that carry out activities in the social sphere are, as a rule, non-commercial in nature. In accordance with the Civil Code of the Russian Federation, non-profit organizations can carry out entrepreneurial activity only insofar as it serves to achieve the goals set out in their charter and corresponds to them. This significantly limits the ability of social enterprises to earn the funds they need for their activities and forces them to rely more on the state, sponsors and benefactors.

At the same time, non-profit organizations have a number of differences that give them additional opportunities for effective economic activity. Thus, in accordance with the legislation, unlike commercial organizations, non-profit organizations can have state bodies and local self-government bodies as founders (participants) and contributors. Non-profit organizations as legal entities can establish, be participants and contributors of commercial enterprises, which also helps them to receive funds necessary for their main activities.

**4.** Receipt by organizations working in the social sphere of a number of benefits by which the state encourages this socially useful activity. Such means of encouragement include tax benefits (for profit, value added, sales, etc.), for conducting foreign economic activity (duties, quotas, etc.), for the acquisition (privatization) of property and its use (lease, leasing, etc.), for obtaining and using a state loan, on logistics, etc.

These benefits, when used skillfully, significantly expand the material capabilities of social organizations; create conditions for a very profitable business in the interests of the main statutory purpose of these organizations.

**5.** The limited application of the market mechanism in the social sphere and the need for state regulation. This feature is generalizing. It follows, firstly, from the fact that social services are necessary for the vast majority of society, and not everyone can pay for them. Since the implementation of these services corresponds to the interests of the whole society (after all, everyone suffers from poor health, lack of education and bad manners of the population), this function is assumed by the state as an institution representing society as a whole. Hence the budgetary financing and the active participation of state bodies in the regulation of social processes.

Secondly, if the services of social enterprises are given to the "market element", to make their capabilities dependent on market prices, competition, profitability, etc., then these services will cease to solve social problems and turn into a commodity that goes not to those who need it especially, but to those who are able to pay him. Therefore, such economic levers as pricing and taxation, to the necessary extent, should not be in the hands of individual entrepreneurs, but of the whole society and the state.

Thirdly, the implementation by the state of budgetary financing of the social sphere and the provision of the above-mentioned benefits to social organizations leads to the need to conduct careful monitoring of the activities of these organizations, ensuring the targeted nature of spending and excluding abuse. These functions are also assumed by the state.

The most important areas of management in the service sector are:

- Quality management;
- Achieving high performance;

- Personnel management.

Quality management in the service sector: The very concept of "quality of service" is ambiguous. This is due to the specifics of the services and complicates their quality management. As a result of research conducted by foreign authors [3], ten criteria for evaluating services by consumers were identified, with the first five criteria taking into account the quality of the results of providing services, and the last five — the quality of the service process:

- 1) Reliability (do the company's services deserve trust and do they meet the needs of customers?);
- 2) Availability (how is access to services and what is the waiting time?);
- 3) Reputation (can consumers trust the company?);
- 4) Security (are services associated with danger and risk to customers?);
- 5) Understanding the needs (what does this company do to find out the needs of customers?);
- 6) Responsiveness of the staff (are the company's employees willing to serve customers?);
- 7) Competence (does the company's staff have the knowledge and skills necessary for high-quality customer service?);
- 8) Politeness (how polite and tactful are the company's employees towards customers?);
- 9) Communications (do consumers understand the content of the company's services?);
- 10) Tangible factors (does the appearance of employees, company premises and other tangible service factors create the image of high-class services?).

The main criterion for customers' judgments about the quality of a service product is the compliance of services with expectations. If the perceived quality exceeds the expectation, the consumer will be satisfied with the service. If the results of the service did not meet his expectations, the client will remain unsatisfied. The main task of the company's management is to ensure the quality of services that meet the expectations of the consumer.

The gap between the expected and actual quality of services may occur for the following reasons.

- 1.** Managers' incorrect assessment of consumer expectations. The gap between the expected and perceived quality of services often occurs when management does not even try to find out what consumers expect from the company's services.
- 2.** Misconception about the quality of services. Even if management correctly assesses customer expectations, managers often do not have the opportunity or do not want to direct the company's resources to eliminate the problem. For example, many organizations that accept utility payments, banks, and shops work according to an inconvenient schedule for customers, which have not changed for many years.
- 3.** Poor quality of service. The quality of services for various reasons may not meet the standards or requirements of consumers. Most often, this happens because the company's employees who directly serve customers are insufficiently motivated or unable to perform their duties due to a low professional and qualification level. The reason for the poor quality of service may also be

the lack of an appropriate material and technical base (for example, diagnostic and therapeutic equipment in institutions providing medical services).

4. False advertising. Advertising that overestimates the quality of services leads to customer disappointment, as the result does not meet consumer expectations. If the level of service is deliberately exaggerated, the probability that even a high-class service will receive a negative assessment increases.

Knowledge and elimination of these reasons will improve the company's performance. To solve the listed problems in the field of quality management of services, the company's management needs to perform the following actions.

1. Develop the right strategy: identify the target market and the most valuable characteristics of services for consumers.
2. Always follow the high standards of service.
3. Conduct thorough and detailed preparation of measures to improve the quality of services:
  - a) Establish high and measurable performance criteria of the company;
  - b) Provide training and incentives to employees;
  - c) Develop systems for monitoring labor productivity;
  - d) Conduct consumer surveys, checking the compliance of services with the established criteria.
4. Deliver only real promises to consumers.

Performance management in the service sector - one of the most significant problems in the service sector is associated with low labor productivity. The objective reason for the complexity, and sometimes the impossibility of measuring the volume of services and labor productivity in service activities is due to the lack of tangible results.

The value of labor productivity in the service sector is based on the interaction of three factors:

- 1) The high degree of consumer involvement in the service process makes it difficult to standardize and automate this process;
- 2) Services, as a rule, are characterized by high labor intensity;
- 3) Non-preservation of services often leads to the appearance of excess capacity of the company.

An important problem of management is the ratio of productivity and quality. For example, the productivity of a doctor increases with a decrease in the norm of patient admission time. But the inevitable consequence of this is, as a rule, a decrease in the quality, and, consequently, the effectiveness of the service.

The main ways to increase labor productivity without reducing the quality of services are listed below [22].

1. Ranking of activities according to the degree of contact with the consumer. Different types of services imply a different degree of consumer participation in the provision of services: for example, in medical and educational services, the degree of customer involvement is very high, and in the provision of postal, utility, telecommunications, etc. services, it is much lower.

Contact with the consumer during the provision of the service can be both very close and indirect, for example, the registration of air passengers and the dispatch of luggage, the reception by the bank operator of a personal request from the client and the processing of information on bills, the work of the pharmacy pharmacist with the client and the preparation of medicines. The manager should divide the phases of the service process according to the degree of customer involvement. At those stages of service provision that do not require close contacts with consumers, it is necessary to increase labor productivity by rationalizing and speeding up the process, at the stages of direct interaction with the client — to increase labor efficiency without reducing the quality of services.

2. Conveyor approach to maintenance. This approach involves the automation of manual labor (for example, automatic car washing, the use of vending machines, ATMs), as well as the use of systems that reduce the number of service personnel (for example, supermarkets, fast food restaurants). Until recently, such technological solutions were used only for services that provide a standard result, however, given the constant technological progress, growing consumer awareness of technologies and systems, it can be concluded that the conveyor approach to service is already in demand, and in the near future will be widely used for those services that focus on meeting individual requirements clients. An example of this process is the diagnosis and surgical treatment of patients in the MNTC "Eye Microsurgery".

3. Increasing the degree of customer participation in the service process. An effective way to increase productivity is to transfer customers to partial self-service: direct, without the help of operators, international and long-distance phone calls; cleaning dishes for themselves at some catering establishments; equipping hotel rooms with household appliances that allow customers to make tea or warm up breakfast on their own, etc. Such innovations are based on knowledge of needs and features customer behavior. Managers need to conduct preliminary testing of innovations, explain their advantages to customers in such a way that they are happy to perceive the activation of their role in the service process.

4. Establishing the balance of supply and demand. The main reason for the discrepancy between the company's production capacity and the demand for service is the non—preservation of services. The main ways to increase labor productivity:

- reduction of peak demand as a result of differentiated pricing, the use of a pre-order system, increased attention to customers who have to wait for services in the queue;
- increasing the flexibility of the offer due to the introduction of part-time work, combining the services of several companies, more efficient use of equipment and personnel during periods of increasing demand.

Approaches to personnel management in the service sector - special requirements in the service sector are imposed on personnel management. Unlike production, where people act on substances and forces of nature, the object of influence in the service sector is mainly a person with his needs. In the management of services involving a high degree of customer involvement, priority should be given to the attitude of the company's employees to consumers. It is important for the company's management to form such norms of employee behavior that would focus them on respect for customers and their requests.



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